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Title:

Press statement - State Housing Ministers' Conference

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PRESS STATEMENT: 5/11/70.

FROM: THE PREMIER (MR. DUNSTAN)

SUBJECT: CONFERENCE OF STATE HOUSING MINISTERS.

The Premier (Mr. Dunstan) said today that the Conference of State Housing Ministers in Melbourne yesterday gave detailed consideration to matters of major significance for extension of the Commonwealth-State Housing Agreement.

"The Conference was unanimous in stressing that it was essential for maximum housing funds at minimum interest rates to be available to the States.

"It was also agreed unanimously that such interest rates should not exceed 4 p.c., and should remain at that figure for the whole of the period of any such agreement."

The current interest rate is 6 p.c. per annum.

"With this rate operating it is impossible to provide housing at a reasonable rent for lower and middle income earners..

"At ruling award rates for tradesmen, cost of materials, land and development (including the actual capital costs for the provision of sewer and water) a house with all reasonable modern conveniences would cost at least \$10,000.

"On this figure of \$10,000 the annual amount in the economic rent calculation for interest and loan repayment alone over the loan period of 53 years works out like this:

At an interest rate of 4 p.c. the rent calculation for interest and loan repayment is \$475-19 p.a.:

At 4½ p.c. it is \$498-34:

At 5 p.c. it is \$540-73:

And at 6 p.c. it is \$628-65.

"When the other components of the economic rent, such as Maintenance at \$1-50 per week, rates and taxes \$100 p.a., Insurance \$2 p.a., the vacancies and defaults at 5 p.c., and administration costs at \$30 p.a., are incorporated the rents at the interest rates of 4 p.c., 4½ p.c., 5 p.c., and 6 p.c. respectively would be \$13.44, \$14.27, \$15.13, \$16.81.

"From these figures it is obvious that a difference of 2 p.c. in interest rates makes a very big difference to the rents that have to be charged," Mr. Dunstan said.

"And it is apparent that the provision of funds at an interest rate of 4 p.c. is vital to any agreement that claims to be the means of providing adequate housing for lower and middle income families.

"If the Commonwealth provides funds on the basis proposed by the Conference, we will be able to say to all these people; "We can provide the houses you need at a price you can afford."

"At the moment we cannot say this."

The Housing Ministers also discussed the provision of housing specifically for serving members of the Defence Forces.

Mr. Dunstan said that the present agreement requires that 5 p.c. of the Funds advanced to the States for the provision of housing by the State be used to erect houses for members of the Defence Forces.

"The Conference was adamant that this requirement be deleted from any future agreement on the basis that the Commonwealth should provide the total of the money required for service housing as part and parcel of the defence commitment."

He said that the States would, however, be fully prepared to continue to erect, maintain, and manage, any dwellings for serving members that the Commonwealth may seek to have built in agreed areas and is prepared to finance.